

**2005 DRAFTING REQUEST**

**Bill**

Received: **12/29/2004**

Received By: **mkunkel**

Wanted: **As time permits**

Identical to LRB:

For: **Legislative Council - LRC**

By/Representing: **Nick Zavos**

This file may be shown to any legislator: **NO**

Drafter: **mkunkel**

May Contact:

Addl. Drafters:

Subject: **Fin. Inst. - banking inst.**

Extra Copies:

Submit via email: **YES**

Requester's email: **laura.rose@legis.state.wi.us**

Carbon copy (CC:) to: **Kathryn.Carlson@dfi.state.wi.us**

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Out-of-state limited services offices of credit unions

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**Instructions:**

See Attached

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?							
/1	mkunkel 08/03/2005	chanaman 08/08/2005	rschluet 08/08/2005	_____	mbarman 08/08/2005		
/2	mkunkel 11/14/2005	jdyer 11/14/2005	jfrantze 11/14/2005	_____	lnorthro 11/14/2005	sbasford 12/23/2005	

FE Sent For:

<END>

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Carbon copy (CC:) to: **Kathryn.Carlson@dfi.state.wi.us**

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1/2 11/14 jld  
11/14  
11/14 ch  
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Carbon copy (CC:) to: **Kathryn.Carlson@dfi.state.wi.us**

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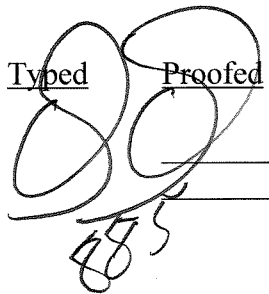
**Instructions:**

See Attached

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/?	mkunkel						

A large, stylized handwritten signature, possibly 'MK', is written over the 'Typed' and 'Proofed' columns of the drafting history table. Below the signature, the initials 'JES' are written.

FE Sent For:

**<END>**



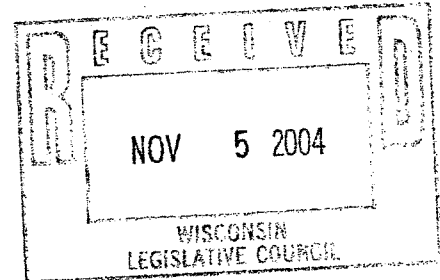
**State of Wisconsin**  
*Department of Financial Institutions*

Jim Doyle, Governor

Lorrie Keating Heinemann, Secretary

November 4, 2004

Mr. Terry C. Anderson, Director  
Joint Legislative Council  
One East Main Street, Suite 401  
P.O. Box 2536  
Madison, WI 53701



Dear Mr. Anderson:

On behalf of the Wisconsin Department of Financial Institutions and the Wisconsin Office of Credit Unions, I am submitting the following recommendations for consideration by the Law Revision Committee during the 2005-2006 session. These submissions are in addition to the previous remedial legislation requests submitted by DFI that are summarized at the end of this memo. There is no fiscal impact to any of the proposed revisions.

*1419* Proposed Revision #1 – Credit Union Services *RP ?*

Remove “limited service offices outside the state” in Chapter 186.113(1m). Credit unions are now permitted to maintain out-of-state branches.

Current statute 186.113(1m) limits credit unions to limited service offices that were established before November 6, 2003. No such offices exist at this time. The description of branch offices in Chapter 186.113(1) was expanded with 2003 Act 63 to include “branch offices inside or outside of this state.”

Proposed Revision #2 - Chapter 138 Changes

1. Amend s.138.09(4) to read that a license can be revoked for any of the listed grounds by changing the word “and” at the end of 138.09(4)(a)2. to “or.”

The necessity of this change is that revocations are based upon separate grounds for each entity. It is impracticable to have an all-inclusive revocation list. The consequence of this is that if a licensed entity pays its license fee, their license can never be revoked for other unethical behavior because paying the fee is one of the listed grounds in s. 138.09 (4).

2. Add authority to bill for loan company examinations to s. 138.09(4)(a).

The authority to charge for an examination was eliminated by mistake when 1997 Act 27 passed. The goal was to eliminate the reference to the consumer credit review board only, which was in s. 138.09(4a) but that is also where the exam authority was as well.

*Office of the Secretary*

Mail: PO Box 8861 Madison, WI 53708-8861

Voice: (608) 264-7800

Fax: (608) 261-4DFI

Courier: 345 W. Washington Ave. 5<sup>th</sup> Floor Madison, WI 53703

TTY: (608) 266-8818

Internet: [www.wdfi.org](http://www.wdfi.org)

3. Amend s. 138.09 to give the department authority to issue special or general orders against loan companies and insurance premium finance companies.

The division of banking has the authority to issue special or general orders against all entities it licenses except loan companies and insurance premium finance companies. Both loan companies and insurance premium finance companies are licensed with DFI under ss. 138.09 and 138.12, respectively, but currently the division does not have the authority to enforce the provisions for these licensees under 138.09.

#### Proposed Revision #3 – Chapter 220 Authority

Include s.138.12 and s.224 subchapter III under chapter 220. Chapter 220 has several provisions that list all the banking division entities under the authority of the banking administrator. Insurance premium finance companies and mortgage banking have yet to be included.

#### Proposed Revision #4 - Chapter 183 Changes Relating to Reinstatement for LLCs

Revise 183.09025(4) to remove the 30-day limit provision in 183.09025(4)(a). The statute should mirror 180.1422 regarding reinstatement of business corporations which reads, “(1) A corporation that is administratively dissolved may apply to the department for reinstatement.”

We are requesting the change so that there is consistency in the law governing reinstatement whether it is a corporation or limited liability company. The 30-day time frame puts on unfair and unnecessary burden on LLC owners who wish to reinstate their business. Additionally it may create unnecessary administrative burdens on the agency in administering remedies.

#### Proposed Revision #5 – Chapter 218 Error

When 218.01(6m) of the statute was renumbered to ss. 218.0143(1) and (2) by 99 Act 31, the meaning was changed significantly. This was not the intent, and the prior meaning should be restored.

Specifically, prior to the change, s. 218.01(6m) indicated that whenever insurance coverage is included on a retail installment contract, the policy shall include public liability insurance ("PLI") coverage or the seller shall notify the buyer that the motor vehicle is not covered by PLI.

After the change, s. 218.0143(1) indicates that whenever insurance coverage is included on a retail installment contract, the policy issued shall include PLI coverage, and s. 218.0143(2) indicates that that whenever insurance coverage is not included on a retail installment contract, the seller needs to notify the buyer that the vehicle is not covered by PLI. These provisions are contradictory and misleading.

Previously Proposed Revisions

Changes that have been submitted in previous sessions and are being resubmitted for consideration at this time include:

- 1) Repeal s. 186.35, eliminating the Wisconsin Credit Union Savings Insurance Corporation. The corporation was dissolved at a special meeting of the Board of Trustees and Members on May 8, 1999. 2001 SB 450
- 2) Add Mortgage Banking and Non-depository Small Business Administration (SBA) Lenders to s. 220.02. 2001 SB 807
- 3) Trust Service Offices – Eliminate the language “in this state” in ss. 221.0316 (4) and 223.07 (1). When changes were made to these sections in the 1995-96 session, an oversight occurred by not adopting language permitting Wisconsin financial institutions to establish Trust Service Offices at a bank or branch location outside of Wisconsin. 2001 SB 807  
Also replace “the state or national bank” with “depository institutions, as defined in s. 221.0901 (2)(i).”
- 4) Sellers of Checks – Eliminate the “telegraph company” exemption under s. 217.02 (9). It is our understanding that this type of entity no longer exists. 2001 SB 807
- 5) Collection Agencies – Eliminate the term “professional men’s associations” from s. 218.04 (1)(a). This is an antiquated term that no longer needs to be specifically exempted from the “collection agency” definition. 2001 SB 807
- 6) Free Credit Balances – Amend s. 224.02 to eliminate the antiquated language that specifies the criteria with which an “agent for investment” must comply in order to pay interest on free credit balances. This will provide a clear exemption from the statutory definition of “the business of banking” and allow an “agent for investment” to pay interest on these balances to their clients. 2001 SB 807
- 7) Revocation and Suspension of Securities Licenses – amend s. 551.63 (2) to exclude the actions required to be taken by the Division of Securities against licensees for delinquency in paying either child support or state taxes, from the general standard required for Division actions. 2001 SB 807
- 8) Franchise Registration Statements – Amend s. 553.26 (4m) to clarify that once a person has registered a franchise, the person is not required to file any additional information except amendments that reflect material changes to the registration statement.

Amend s. 553.31 (2) to clarify that any amendment filed with the Division of Securities after the effective date of a registration for the sale of a franchise is effective upon receipt of the amendment.

2001  
SB 807

- 9) Pawnbrokers – Create a blanket exemption in s. 138.10 for pawnbrokers licensed by DFI and remove the reference to rule-making authority from s. 138.10 and place it, more properly, within s. 138.09. 2001 SB 807
- 10) Service Corporations – Amend s. 180.1911 to allow minority ownership by non-CPAs in CPA firms. This omission was an oversight in 2001 Assembly Bill 345. 2003 LRB-2416/2

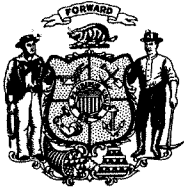
Sincerely,



Kathryn Carlson  
Executive Assistant

cc: Secretary Lorrie Keating Heinemann





State of Wisconsin  
2005 - 2006 LEGISLATURE

LRB-1419/1

MDK:.....

*MD*

*By 8/10*

2005 BILL

- 1 **AN ACT** *reg car*; **relating to:** out-of-state branch offices of credit unions (suggested as  
2 remedial legislation by the Department of Financial Institutions).

---

***Analysis by the Legislative Reference Bureau***

Current law allows credit unions to establish branch offices in or outside this state, with the approval of the Office of Credit Unions in the Department of Financial Institutions. This law went into effect on November 6, 2003. Current law also provides that a credit union could not establish a limited services office outside this state before that date unless additional requirements were satisfied. This bill eliminates the provisions under current law that refer to establishing limited services offices outside this state before that date.

For further information, see the NOTES provided by the Law Revision Committee of the Joint Legislative Council.

---

***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

LAW REVISION COMMITTEE PREFATORY NOTE: This bill is a remedial legislation proposal, requested by the Department of Financial Institutions and introduced by the Law Revision Committee under s. 13.83 (1) (c) 4., stats. After careful consideration of the various provisions of the bill, the Law Revision Committee has determined that this bill makes minor substantive changes in the statutes, and that these changes are desirable as a matter of public policy.

- 3 **SECTION 1.** 186.113 (1m) of the statutes is repealed.

**BILL**

1        **SECTION 2.** 186.41 (5m) of the statutes is amended to read:

2           186.41 **(5m)** BRANCHING NOT LIMITED. This section does not limit branching  
3           authority under s. 186.113 (1) ~~and (1m)~~.

**History:** 1985 a. 325, 332; 1995 a. 27, 151; 2003 a. 63.

**(END)**



State of Wisconsin  
2005 - 2006 LEGISLATURE

LRB-1419/1  
MDK:cmh:rs

## 2005 BILL

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insert A



State of Wisconsin  
2005 - 2006 LEGISLATURE

LRB-1419/1e

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2005 BILL

Regen

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INSEAT 2-2

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5 (END)

-2-

INSERT 2-2:

NOTE TO LRB-1419/1 (INSERT A)

NOTE: The repealed provision authorizes credit unions, before November 6, 2003, to establish limited services offices outside this state if specified requirements are met. No such offices exist at this time, according to the department of financial institutions, and credit unions are now authorized to maintain out-of-state branches.

END OF INSERT  
2-2

**Basford, Sarah**

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**From:** Rose, Laura  
**Sent:** Friday, December 23, 2005 10:39 AM  
**To:** LRB.Legal  
**Cc:** Veum, Rachel  
**Subject:** Law Revision Committee bill drafts

Hi there,

Could you please have the following bill drafts jacketed for the Senate:

LRB 1025/1  
LRB 1155/1  
LRB 1419/2  
LRB 1422/2  
LRB 1423/2

Thanks very much.

Laura Rose

*Laura Rose*  
Deputy Director, WI Legislative Council  
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laura.rose@legis.state.wi.us